UNITED NATIONS

General Assembly

FORTY-EIGHTH SESSION

Official Records

FIFTH COMMITTEE
22nd meeting
held on
Monday, 22 November 1993
at 10 a.m.
New York

SUMMARY RECORD OF THE 22nd MEETING

Chairman: Mr. HADID (Algeria)

Chairman of the Advisory Committee on Administrative and Budgetary Questions: Mr. MSELLE

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Distr. GENERAL
A/C.5/48/SR.22
28 January 1994
ENGLISH
ORIGINAL: FRENCH

93-82588 (E)

The meeting was called to order at 10.20 a.m.

AGENDA ITEM 120: FINANCIAL REPORTS AND AUDITED FINANCIAL STATEMENTS, AND REPORTS OF THE BOARD OF AUDITORS (continued) (A/45/5/Add.4 and 5, A/48/230, A/48/516, A/48/530, A/48/572 and A/48/587)

1. Mr. ORR (Canada), speaking also on behalf of Australia and New Zealand, first considered the report of the Board of Auditors on the financial statements of the Office of the United Nations High Commissioner for Refugees (UNHCR). The auditors had drawn attention to a number of problems indicative of serious deficiencies in financial management. Through frequent overbudgeting, UNHCR uselessly froze part of the necessarily limited resources provided by Member States. Bipartite agreements between UNHCR and its executing agencies did not allow the Office to control the use of funds by the agencies. Implementation also suffered from weaknesses which delayed vital projects. Lastly, the inadequacy of follow-up procedures had led one major donor to withhold its pledges until the proper reports were completed. UNHCR should deal urgently with all those inadequacies, which could not be excused by special nature of its activities. It should improve its financial management systems in order to ensure cost-effective programme delivery.

2. The delegations on whose behalf he spoke strongly supported the Board's recommendations regarding UNITAR, stressing that under no circumstances should it be permitted to spend more than its approved budget without legislative approval. They endorsed the request by Sweden for an explanation of unauthorized drawings made against the United Nations General Fund.

3. Australia, Canada and New Zealand attached great importance to the implementation of the recommendations of the Board of Auditors. They were pleased that the Secretary-General had submitted the "action oriented" report requested by the General Assembly in resolution 47/211, and hoped that the other executive heads would do the same. They would appreciate comments from the Board of Auditors and the Secretariat regarding the practicality of submitting the Board's reports and plans for implementing the recommendations contained in them to Member States at the same time. Such an arrangement would contribute to greater understanding between the Secretariat and Member States. The introduction of system-wide accounting standards was an excellent initiative, as it would be easier in the future to compare financial statements. Those standards should be used in preparing the financial statements of all organizations for the biennium 1992-1993. They should be regularly revised to adapt to the changing needs of organizations and the users of the statements. Future revisions must strive to reduce the number of alternative acceptable practices. Where financial rules had to be changed to be in conformity with the accounting standards, the Secretariat could, if necessary, make recommendations to ensure that the revised rules promoted programme delivery.

4. If the operations of the Office of the United Nations Disaster Relief Coordinator and the Office for Project Services so warranted, special rules should be adopted to ensure that the contributions of Member States were used for the purpose intended and produced the desired results.

(Mr. Orr, Canada)

5. The length of the terms of office of members of the Board of Auditors should be revised. A three-year term ending in July did not fit well with a biennial fiscal period. Auditors could be elected for a four-year term, with the possibility of re-election for a similar period, or a single six-year term, ending in either case 12 months after the completion of the biennium. That would enable the Board members who had carried out the audit to present the results themselves to the Advisory Committee on Administrative and Budgetary Questions (ACABQ) and to the Fifth Committee. The Secretary-General could submit his views on the matter when he provided the information requested by the General Assembly in paragraph (b) of its decision 47/454.

6. Regarding the independent audits and management reviews discussed in document A/48/587, it was important for Member States to recognize the role of the Organizations's auditors. That being the case, he believed that the report before the Committee did not adequately reflect all the views expressed by the Chairman of the Panel of External Auditors in his letter of 18 January 1993. The text of that letter should be made available to all Member States so that a mutually acceptable solution could be found.

7. Mr. TEIRLINCK (Belgium), speaking on behalf of the members of the European Union, said that the activities and functions of the Board of Auditors should not be diminished in any way; a clear distinction should be maintained between internal and external audits. While the members of the European Union endorsed all the recommendations and conclusions of the Board of Auditors summarized in document A/48/230, they wished to note that the liaison officer whose designation was recommended in paragraph 6 would be responsible only for organizing and coordinating the training programmes and research activities being carred out in New York, in accordance with General Assembly resolution 47/227.

8. The European Union regretted that not all the Board's recommendations had been put into effect and would be grateful for an explanation from the representatives of UNITAR and UNHCR as to why some of them had not been implemented.

9. With regard to the deficit incurred by UNITAR in 1992 in contravention of General Assembly resolution 46/180, the European Union stressed the need for strict compliance with paragraph 3 of General Assembly resolution 47/227, and would like the Director-General of the Institute to explain why, notwithstanding that provision and the recommendations of the Board, the deficits reported were still being financed from the regular budget of the United Nations.

10. The members of the European Union also supported the recommendations of the Board of Auditors regarding the need for UNHCR to review its procedures in order to improve internal controls over cash management, particularly in the field offices, and also to amend the system of allocating project funds, in order to ensure a more effective distribution of resources. Apparently nothing had been done to remedy the problems posed by the deficiencies in internal control procedures or failure to implement them. The members of the European Union looked forward to the report of the Secretary-General and the executive heads on

(Mr. Teirlinck, Belgium)

the measures taken to strengthen those procedures, in accordance with paragraph 12 of General Assembly resolution 47/211; they also wished to know what steps, other than the appointment of an Assistant Secretary-General for Inspections and Investigations, had been taken to implement paragraph 14 of the resolution.

11. The European Union had taken note of document A/48/516 on the implementation of the recommendations of the Board of Auditors in its report for the period ended 31 December 1991, and regretted that the Secretariat had not responded satisfactorily to the recommendation on improving procurement policy. Although exceptions to competitive bidding procedures were admissible in a number of Member States, it was customary to require that they be fully justified in every case. He also sought an explanation from the representatives of UNITAR and UNHCR as to why no timetable for the implementation of corrective measures had been included in the report, even though the General Assembly had requested one in its resolutions 46/183 and 47/211.

12. The European Union welcomed the fact that common accounting standards had at last been developed and accepted by the Secretary-General and the executive heads of the organizations represented on the Administrative Committee on Coordination. Whilst acknowledging the difficulties to which their introduction would probably give rise, it urged that they should be implemented as soon as the financial statements for the biennium 1992-1993 had been prepared because they should lead to greater transparency in many areas, in particular in the evaluation of the assets of the United Nations.

13. With regard to the recovery of misappropriated funds from staff members and former staff members (A/48/572), the European Union insisted on the need to set up legal mechanisms to guarantee the rights of staff members, in particular the right of every individual to be presumed innocent.

14. Lastly, the European Union recommended amending the mandate of the Board of Auditors; in order to enhance its effectiveness and follow-up, it should be adapted to the budgetary cycle.

15. Mrs. SAEKI (Japan) commended the auditors on their efficiency and objectivity. With regard to the implementation of their recommendations, her delegation welcomed the initiatives taken by the United Nations High Commissioner for Refugees to give effect to them, including the establishment of an internal working group on programme management and operational capacity and the post of inspector of operational activities. It also welcomed the measures adopted by the Secretariat (A/48/516), but considered that not enough had been done in the most important areas: procurement, use of consultants and management of non-expendable property. The number of exemptions from competitive bidding must be reduced and they should all be fully justified. In that connection, it was regrettable that the Secretariat had not made it clear whether it could in fact fully justify the exemptions, particularly those granted under financial rule 110.19 (d) which might increase in number with the growth of peace-keeping operations.

(Mrs. Saeki, Japan)

16. With regard to the recruitment of consultants, the explanation given by the Secretariat, which attributed the problems noted to the attitude of Member States, was not wholly persuasive, nor were the clarifications given in response to recent press reports on the activities of certain consultants. The process of hiring consultants must be completely transparent, particularly if their work was not directly related to activities in specific Member States.

17. The establishment of inventories was a first step towards improving the management of property entrusted to missions, but stronger measures should be taken, particularly regarding peace-keeping missions. The theft of 140 United Nations Transitional Authority in Cambodia (UNTAC) vehicles in Cambodia had only confirmed the need to strengthen controls over property.

18. In light of the importance it accorded to follow-up measures, her delegation requested the Secretariat to submit to the General Assembly at its forty-ninth session, an up-to-date report, including a timetable for the implementation of the recommendations of the Board of Auditors. It also hoped that the Board would transmit its comments on that report to the General Assembly.

19. With regard to misappropriated funds, it was essential to establish a mechanism which would allow recourse to civil and criminal procedures. Her delegation was in favour of an amendment to the statutes of the United Nations Joint Staff Pension Fund, in accordance with the proposals contained in paragraphs 6 to 10 of document A/48/572, and considered that the General Assembly should give guidelines to that effect to the United Nations Joint Staff Pension Board. It was also prepared to consider the amendment to the Statute of the Administrative Tribunal mentioned in paragraph 26. Lastly, with reference to paragraphs 33 and 35, it noted that the Secretary-General invited the General Assembly to recommend that Member States should pass the necessary legislation to ensure recognition and enforcement of judgements of the Administrative Tribunal and to pass criminal legislation making fraud against the United Nations punishable by appropriate penalties. Several countries had already adopted legislation to that effect. Her delegation would appreciate it if the Secretariat would submit a report on existing national legislation at major duty stations of the United Nations, including laws relating to the enforcement of judgements of foreign courts and extradition procedures. With regard to the cost and length of recovery procedures it stressed that it was not merely a question of recovering funds but of deterring a recurrence of fraud.

20. The rise in the number of independent audits and management reviews requested by donors was alarming since it implied a lack of confidence in the organizations. While it took note of the views set forth in the report (A/48/587), her delegation urged that all the organizations in the United Nations system should take fully into account the legitimate concerns of Member States and other donors.

(Mrs. Saeki, Japan)

21. Her delegation welcomed the adoption of common accounting standards and requested the Secretary-General to follow up carefully the process by which organizations adapted those standards so that the full application would be accelerated.

22. Mr. CIVELEK (Turkey) recalled that, year after year, the auditors had listed a number of irregularities which ran counter to the decisions of the General Assembly, the Financial Regulations and Rules and administrative instructions. Measures should be taken as soon as possible in order to prevent such incidents recurring. The very prestige of the United Nations depended upon it.

23. The auditors played a key role in that regard since it was they who uncovered the anomalies and made the necessary recommendations. However, when it came to fraud that was not enough; the matter should also be investigated and, when necessary, legal action should be taken. The creation of an Office of Inspector General would meet that concern. The functions of auditing, inspection and investigation, which should be the main elements of the control process, should be considered under a single agenda item at the forty-ninth session. His delegation requested that the bodies responsible for those functions should attempt to avoid duplication. It emphasized the need for the full implementation of all the recommendations of the Board of Auditors and invited the Secretariat to draw the attention of all units to the existing rules and regulations.

24. Mr. MICHALSKI (United States of America) said that, given the expanding role of the United Nations system in world affairs and the rise in resources made available to it, it was more than ever essential that its individual organizations and programmes should be managed effectively. The United States was convinced that major steps towards improving internal and external management oversight were required for the new era. Several reforms were necessary to ensure that programme managers and those responsible for financial matters were held strictly accountable for their actions. His delegation had great respect for the competence and integrity of the Board of Auditors but it did not believe that the Board alone had the necessary resources or authority to ensure that United Nations programmes were managed prudently. In that regard, it had proposed the establishment of an Office of Inspector General and had made other suggestions aimed at correcting deficiencies in current United Nations internal and external oversight mechanisms.

25. With regard to the problems identified by the Board of Auditors in its report on the Organization's accounts for the biennium 1990-1991, in some cases the Secretariat had taken what seemed to be appropriate action. However, on the whole, the report of the Secretary-General (A/48/516) did not provide a satisfactory response to the Board's findings or to the widespread concerns expressed by Member States the previous year. In some instances the report defended procedures and policies which the Board had found questionable or unacceptable, for example regarding procurement policies, inventory controls or payments of staff benefits. Where problems remained unresolved, the Secretariat indicated that it was necessary to await the introduction of the Integrated

(Mr. Michalski, United States)

Management Information System (IMIS). While his delegation recognized the importance of modern technologies, it was not convinced that the answer to all the problems necessarily lay with IMIS. For instance, it was rather surprising that an organization which had been in existence for almost 50 years had so far been unable to devise internal procedures to eliminate over-expenditure of allotments or ensure proper management of the various staff allowances. Some 70 corrective measures were planned or envisaged in the report of the Secretary-General and similar reports had been submitted over the years. However, the Board of Auditors all too often reported continuing deficiencies in areas that had been the subject of recommendations. His delegation was therefore not convinced that the measures outlined in the report would be implemented any more effectively. It was the States Members which were ultimately responsible for ensuring that the resources provided by taxpaying citizens were properly used. Ideally, the Fifth Committee should carry out a detailed examination of each and every measure adopted or envisaged by the Secretariat in order to ensure that they were implemented, but that was not possible given the limited time available and, in any case, such micro-management by Member States was undesirable. That task could be entrusted to the Office of Inspector General referred to earlier.

26. His delegation noted that the executive heads of the agencies and programmes whose accounts had been audited had not submitted similar reports on the corrective measures they had introduced or planned. It would welcome information on that subject.

27. With regard to cases of fraud and misappropriation of funds, the proposals for reform outlined by the Secretary-General in paragraphs 25 to 35 of his report on the subject (A/48/572) were very interesting. His delegation urged the Secretary-General to submit specific proposals, including amendments to the Statute of the United Nations Administrative Tribunal at the resumed session of the General Assembly. Given the complex legal aspects involved, the issue should be brought to the attention of the Sixth Committee.

28. His delegation was surprised by the report of the Secretary-General concerning independent audits and management reviews of activities of the United Nations system (A/48/587). Annexed to that report was a statement by the Administrative Committee on Coordination (ACC) calling upon Governments to refrain from requesting independent audits or management reviews of their contributions. It also indicated that the United Nations had declined to accept certain contributions on those grounds and his delegation would welcome an estimate of the amounts involved. It fully respected the current prerogatives of the Organization in such areas, but the Secretariat must recognize that in some cases voluntary contributions could only be made if the donor Governments received assurances that proper audits would be undertaken or that the audited financial reports would be made available. Furthermore, any Member State should be able to request the Secretariat for information on a particular programme or to study the programme itself. If Member States could be certain that reliable oversight mechanisms existed, it might not be necessary to request independent studies so frequently. Accordingly, while it recognized the dedication and competence of the United Nations staff and the external auditors, his delegation

(Mr. Michalski, United States)

did not share the view of ACC that donor Governments should be prepared to rely on existing internal and external control mechanisms. Until major improvements were made in those areas, for instance through the appointment of an Inspector General, donor Governments would have no choice but to attach specific conditions to their contributions.

29. His delegation welcomed the report on accounting standards (A/48/530) and was pleased to note that United Nations agencies and programmes were committed to harmonizing their standards. The Fifth Committee should keep the matter under review to make sure that the new standards were actually being applied.

30. As to the United Nations Institute for Training and Research, his delegation shared the concern expressed by the Board of Auditors that the Institute had far exceeded its budget. In view of the decisions taken at the forty-seventh session of the General Assembly, it was likely that the Institute would no longer be funded from the regular budget. His delegation would also welcome a report by the Secretariat on the question of the transfer of the Institute's headquarters to Geneva.

31. With regard to the Office of the United Nations High Commissioner for Refugees (UNHCR), his delegation reiterated its concern regarding the shortcomings identified in financial and programme management. While it understood the difficulties facing UNHCR staff in the field, donors were entitled to expect their contributions to be put to the best possible use.

AGENDA ITEM 126: PATTERN OF CONFERENCES (continued) (A/48/32/Rev.1 and Add.1 and Add.2 and A/C.5/48/1)

32. Mr. KUZNETSOV (Russian Federation), referring to General Assembly resolution 47/202 C, recalled that the provision of appropriate, high-quality conference services was an essential element in the efficient functioning of the Organization. The representatives of Member States in the Fifth Committee had, to their cost, experienced the problems entailed by delays and inefficiency in the submission of documents. His delegation viewed that as a warning to Members which should prompt them to pay greater attention to the agenda item under consideration. It was not satisfied with the quality of the translation of certain documents and said that delays in their issuance greatly complicated its work. It was ready to cooperate actively with other delegations and the Secretariat to remedy the situation.

33. His delegation noted with satisfaction that the Committee on Conferences had started to identify weak points in the management of conference services and had taken a number of steps to eliminate them. The dialogue established between the Committee on Conferences and other intergovernmental bodies on ways of ensuring the more rational and economical use of conference-servicing resources must be pursued and encouraged. Tangible results could not, however, be expected unless there was proper interaction with officials at the Secretariat level in order to ensure compliance with all the relevant rules. That was an aspect which the Committee on Conferences should examine carefully in its future work.

(Mr. Kuznetsov, Russian Federation)

34. His delegation was pleased to note from the report of the Committee on Conferences that the investments made by Member States in technical innovations and the upgrading of conference services had begun to bear fruit in the shape of increased productivity and reduced costs. Members were entitled to insist on tangible results, given the large sums involved: the Committee on Conferences should keep that aspect of conference services operations under review.

35. Given the new emphasis on quality in the work of the Organization and the broadening of multilateral negotiations which entailed an increase in the volume of documentation, the question of the control and limitation of documentation had become one of the main priorities in the work of the Committee on Conferences and the Fifth Committee. His delegation agreed with the view expressed by the Committee on Conferences in paragraph 81 of its report (A/48/32/Rev.1) that all bodies currently entitled to written meeting records should review their requirements. It had welcomed the news of the establishment of working groups in the Secretariat to evaluate the quality and usefulness of all reports concerning political and socio-economic issues. The problem of the reduction of the volume of documentation required an immediate and practical solution so that the conference services which were absolutely essential to delegations in their work could be provided.

36. As to the improvement of the functioning of conference services, his delegation considered that, in the interests of efficiency, it would be advisable to assign greater responsibility to the chiefs of the administrative units responsible for the planning and utilization of resources. That would mean, of course, that they would be held more accountable for the use of those resources.

37. In conclusion, his delegation stressed that the Office of Conference Services in close cooperation with the Committee on Conferences should focus on providing high-quality conference services by taking advantage of new technologies, using the human and material resources currently available, and by establishing an efficient system of coordination and distributing the workload evenly among all the United Nations conference centres.

38. Mr. VARELA (Chile), speaking on behalf of the Latin American members of the Rio Group, said that it made good sense to accord to conference servicing the importance it deserved and to allocate adequate resources. The conference-servicing staff did an outstanding job despite the limitations currently imposed and the accelerated pace of work resulting from the revitalization of the role of the United Nations on the international scene. The Rio Group shared the views expressed by the Committee on Conferences in paragraphs 10, 11 and 13 of document A/48/32/Rev.1/Add.1.

39. The Rio Group could not conceal its concern at the alarming proportion of conference-service resources absorbed by activities related to the Security Council and its subsidiary bodies, which threatened to throw the priority tasks and objectives of the Organization off balance and thereby to detract from its effectiveness. The economic and social sectors, to which the General Assembly paid close attention through its committees, were in danger of being relegated,

(Mr. Varela, Chile)

in practice, to second place. And yet, everyone agreed that social and economic development was crucial to the pursuit of peace and international security as well.

40. Cognizant of the financial difficulties which the Organization was facing, the Rio Group believed that the measures announced by the Secretary-General on 16 August 1993 had a very important psychological impact in that they brought out the fact that the Organization could not continue to operate normally. It was necessary to get the most out of the available resources and demonstrate greater efficiency with regard to meetings, by preventing delays, limiting the length of speeches, focusing on substantive issues and rationalizing requests for documentation. In that context, the Rio Group failed to understand the need to continue the economy measures since the emergency situation that had led to their adoption seemed to have passed. They therefore agreed with the views expressed in the letter from the Chairman of the Committee on Conferences addressed to the Chairman of the General Assembly (A/48/32/Rev.1, para. 136) and the recommendation of the Committee to the effect that the economy measures should be lifted immediately (A/48/32/Rev.1/Add.1, para. 12).

41. Lastly, the members of the Rio Group supported the increase in the benchmark figure for the utilization of conference-servicing resources to 80 per cent, and welcomed the consciousness-raising work carried out by the Chairman of the Committee on Conferences during his term of office and the possibilities for streamlining and efficiency offered by the adoption of technological innovations by the Secretariat.

42. Mrs. RODRIGUEZ (Cuba) said that her delegation welcomed efforts to implement resolution 40/243 on the "headquarters principle" and, while recognizing the pertinence of the observation made in paragraph 11 of the report with regard to holding two meetings of the Advisory Committee on Administrative and Budgetary Questions (ACABQ) away from New York, that that Committee should be able to evaluate on the spot the situation of the bodies with which it was planning to meet and formulate appropriate recommendations.

43. The steps taken by the Chairman of the Committee on Conferences pursuant to paragraph 7 of resolution 47/202 A were commendable. Though it had always felt that conference services must be used in the most rational and efficient manner possible, Cuba had also maintained that there could be no question of withdrawing services from bodies with low utilization figures, since their work was often seriously affected by the availability of documents. In that regard, the Cuban delegation was deeply concerned by the excessive delay in the submission of Fifth Committee documents during the current session, a delay which could not be attributed to the Office of Conference Services, but rather to substantive departments. That delay cast serious doubt on the efficiency of those Secretariat units, notwithstanding the reforms carried out. The 6- and 10-week rules should be strictly observed, and in that regard, Cuba supported the conclusions formulated by the Committee on Conferences in paragraphs 91 and 92 of its report. Furthermore, with regard to the equal treatment of official languages prescribed by resolutions 36/117 B and 42/207, the Secretariat should indicate which measures it intended to take to ensure rigorous adherence to the

(Mrs. Rodriquez, Cuba)

decisions taken by the Member States. With regard to the decision of the Committee on Conferences to replace the title of the agenda item "Improved organization of work and effective use of conference resources", with "Improved utilization of conference-servicing resources" (A/48/32/Rev.1, para. 32), Cuba would like to know what had prompted the change, given that the Committee on Conferences had an important role to play in the organization of work. In any event, it was to be hoped that the change in the title of the item did not reflect a trend with regard to involvement of that Committee in financial matters.

44. Mr. YE (China) commended the efforts of the Committee on Conferences to improve system-wide coordination and to improve the utilization of conference services. However, the problem of delays in issuing documents had still not been resolved. Indeed, the situation had even worsened. During the second part of the thirty-third session of the Committee for Programme and Coordination, many delegations had once again expressed their dismay and concern at those delays, which had seriously disrupted efforts of CPC to carry out its programme of work. China was therefore pleased that the Committee had decided to again stress the need for full compliance with the six-week rule and sincerely hoped that the Secretariat would do its utmost to find a solution.

45. With major changes that had recently taken place on the world scene, the role of the United Nations had grown and its work had expanded. At the same time, the workload of the Office of Conference Services had increased, and, owing to the restructuring and the recruitment freeze, it was hard put to meet the requirements of Member States with regard to deadlines for the issuance of documents, and the quality and volume of documentation. China therefore supported the recommendation of the Committee that the Office should be allocated sufficient resources to enable it to manage a heavier workload and the deadlines set by the General Assembly for the submission of documents.

46. China entirely agreed with the view expressed by the Committee on Conferences in paragraph 136 of its report with regard to the need to provide services for all meetings foreseen or requested by Member States and to ensure full services to the informal meetings of the Main Committees, regional groups and other groups of States.

47. His delegation approved, in the main, the draft calendar of conferences and meetings for the biennium 1994-1995. It nevertheless wondered why conference-servicing in Arabic and Chinese would be ensured only for the second session of the Working Group on Communications of the Human Rights Committee. Lastly, China hoped that the United Nations would allocate sufficient resources and provide all necessary services and technical support for the Fourth World Conference on Women to be held at Beijing from 4 to 15 September 1995.

48. Mr. TOMOYA (Japan) stressed that improved utilization of conference-servicing resources, proper preparation for meetings, and the timely issuance of documentation were indispensable. With regard to the latter, it bore repeating that the six-week rule for the issue of pre-session documentation must be strictly observed. Japan strongly supported the request formulated by the

(Mr. Tomoya, Japan)

Committee on Conferences in paragraph 22 of its report (A/48/32/Rev.1), to the effect that the Secretariat should intensify interdepartmental consultations for the purpose of improving utilization and compliance figures, as well as its decision to raise to 80 per cent the benchmark figure for the utilization of conference-servicing resources.

49. With regard to efficiency, Japan supported the requests contained in paragraphs 30 and 31 of the Committee's report, particularly with regard to a comparative analysis of meeting costs in New York, Geneva and Vienna. It also supported the proposal set forth in paragraph 41, which was to reconsider the possibility of installing a signalling system in conference rooms to limit the length of statements and stressed that the feasibility of such a measure should be realistically evaluated before the installation of any such device. Furthermore, it approved of developing exchanges of conference-servicing staff with the aim of ensuring optimal use of conference resources by the United Nations system as a whole. The agreement in principle concluded between the United Nations and UNIDO for the establishment of unified conference services at Vienna was welcome.

50. With regard to the control and limitation of documentation, his delegation thought that since a reduction in the volume and length of documents also implied a reduction in preparation time, the Committee on Conferences should pursue that strategy. In that connection he noted with interest the recommendation in paragraph 91 of the report regarding training programmes designed for those responsible for the preparation of parliamentary documentation. Such programmes, since they related to staff, should be provided or supervised by the Office of Human Resources Management. His delegation also endorsed the request that the Office of Conference Services should identify incentives to ensure compliance by substantive departments with the 10-week rule.

51. Turning to the economy measures in the area of conference services announced by the Secretary-General on 26 August 1993, his delegation, while generally inclined to support the Secretary-General's efforts to eliminate wastage, was deeply concerned that he had adopted those measures without having consulted Member States in advance.

52. Lastly, with regard to the calendar of conferences and meetings, his delegation did not think that it was appropriate to strictly limit the meeting place of ACABQ to New York. That would not only be a break with prior practice but might well affect the work of the Advisory Committee, whose terms of reference included examination of the budgets of organs outside New York. In that connection there was a contradiction between General Assembly resolution 40/243 and its decision 45/450, in which it invited ACABQ to continue its consideration of administrative and budgetary issues relevant to more effective coordination among the organizations and programmes of the United Nations system. The General Assembly, in order to eliminate that contradiction, must reaffirm that the Advisory Committee was authorized to meet outside New York, as stated in General Assembly resolution 1437 (XIV).

AGENDA ITEM 121: REVIEW OF THE EFFICIENCY OF THE ADMINISTRATIVE AND FINANCIAL FUNCTIONING OF THE UNITED NATIONS (continued) (A/40/16 (Parts I and II), A/48/277, A/48/281, A/48/428, A/48/452)

53. Mr. KHENE (Algeria) said that improved efficiency in the administrative and financial functioning of the Organization could be achieved through the development of a clearly defined restructuring programme and the strengthening of the planning, programming and oversight mechanisms available. Restructuring should be carried out in accordance with clearly defined mandates of intergovernmental organs and in full consonance with the objectives of the United Nations Charter with a view to utilizing the scarce resources available to the Organization in the most coherent manner possible.

54. The lack of an intergovernmental dialogue on the reform process might result in decisions and initiatives which would portray the Organization as lacking in certainty. The demarcation lines between different Secretariat departments must be clearly established and, in that context, it would be useful for an analytical report on the restructuring and its impact on programmes to be submitted to Member States.

55. Regarding programme planning, his delegation reaffirmed that the medium-term plan remained a useful and essential instrument, even if there was no doubt that it could be perfected further in terms of both conception and implementation. The report of the Secretary-General on a possible new approach to programme planning (A/48/277) did not meet the request for a prototype of a possible new format of the medium-term plan to be submitted for consideration at the current session. It was unfortunate that the report had not been accompanied by the corresponding report of the Advisory Committee. In the absence of those elements any change in format must not be allowed under any circumstance to cast doubt on the priorities determined by Member States or the principle of biennial programme budgets. Any improvement in the format of planning instruments was useless in the absence of means of monitoring the implementation of Member States' guidelines, given which his delegation supported the CPC recommendation on compliance with the request for a transparent and effective system of accountability and responsibility made by the General Assembly in its resolution 47/212.

56. For United Nations activities to correspond to the mandates established by Member States, a strengthening of oversight at every level was essential. Accordingly his delegation was willing to take a constructive view of any proposal to rationalize, strengthen and expand oversight of the management and activities of the Organization in order to strengthen credibility and the confidence of Member States.

57. Mr. LAWSON (Sierra Leone) said that Member States were unanimous in their response to the quest for a balance between the global growth of Member States' needs and the diminishing means available to the Organization to satisfy them. It was imperative to extend the drive to achieve greater efficiency throughout the system. Personnel training, streamlining departmental structures, simplifying programmatic processes, the application of technological innovations and the proper use of resources formed the parameters of the exercise. It was

(Mr. Lawson, Sierra Leone)

reassuring to note the Secretary-General's position that staff training was a continuous process that would be pursued vigorously.

58. The initiatives taken by the Secretary-General to restructure the Secretariat were commendable, but Member States had a legitimate expectation to be kept informed and engaged in the process. In that connection his delegation shared the view of the Committee for Programme and Coordination regarding the lack of any detailed analysis of the programmatic impact of restructuring and expected the lacuna to be rectified before long.

59. The acquisition and application of new technologies was an important factor in securing greater efficiency. The Integrated Management Information System (IMIS) should facilitate the functioning of the Organization along with management decision-making based on access to accurate and up-to-date information. It should also strengthen the linkages and support structures between the Secretariat and the regional commissions as decentralization continued.

60. With respect to improving the programme planning and budgeting processes, his delegation shared the view of ACABQ and the Joint Inspection Unit that more progress needed to be made in simplifying procedures and achieving clarity and transparency. It was to be hoped that the Secretary-General's proposals in his report on a possible new approach to programme planning (A/48/277) would address those concerns.

61. In any vast organization like the United Nations where a multiplicity of functions was performed and overlapping levels of responsibility abounded, the potential for mismanagement, waste and malfeasance would inevitably exist. In its report on accountability and oversight in the United Nations Secretariat (A/48/420), the Joint Inspection Unit had stated that it was not aware of any Member State in which accountability of public servants and the operation of oversight bodies functioned perfectly and that it would be naive to expect a United Nations of 184 Members to function more effectively than the most effective of its Members. In the view of his delegation, that was not to say that improvements should not be sought in control over procurement, the disbursement of funds and the disposition of the Organization's property, or in taking remedial action in cases of fraud and abuse. In that connection the Office for Inspections and Investigations was an encouraging first step. In many countries, including Sierra Leone, the office of Auditor-General was provided for under the Constitution. Nevertheless, in the current context, there could be no strict analogy between such models and the United Nations Charter, under which Member States were sovereign participants to whom only the Secretary-General was answerable for the proper management of the Organization. In that connection the comments of the Joint Inspection Unit were illuminating, and account should be taken of the views of the Inspectors and of their various recommendations in document A/48/420 when the Committee came to consider the proposal by the United States delegation for the creation of an office of Inspector General.

AGENDA ITEM 124: IMPROVING THE FINANCIAL SITUATION OF THE UNITED NATIONS (continued) (A/48/460 and Corr.1, A/48/503 and Add.1, A/48/565 and Corr.1)

62. Mr. QADER (Bangladesh), recalling the Controller's statement on the situation with regard to unpaid contributions as at 17 November 1993, said that his delegation maintained that the only solution to the problem was the payment by Member States of their assessed contributions in full, on time and without any conditions. The analysis of regular budget receipts and disbursements in annex III to document A/48/503 showed that while available cash balances in the combined General Fund varied widely from month to month, usable cash balances were often insufficient to meet the needs of the following months; in fact, sufficient funds had been available in only four months during 1993. Borrowing from peace-keeping funds was not a solution. Peace-keeping contributions had also fallen short, to the point where payments to troop-contributing countries had been delayed. Thus, troop-contributing countries had had to bear part of the burden of the shortfall resulting from non-payment of assessed contributions by other countries: as at 30 September 1993, the United Nations owed such countries $605 million.

63. His delegation agreed with the first three recommendations of the Independent Advisory Group on United Nations Financing, relating to the division of United Nations expenditures into three categories, the consensus procedure for approving the regular budget and the payment of assessed contributions on time and in full. His delegation felt that it might be useful to allow countries that wished to do so to pay their contributions in quarterly instalments, provided that others would be allowed to continue their practice of making a single payment at the beginning of the year. His delegation recognized that such a measure, if adopted in isolation, was not likely to improve the cash flow of the Organization. While charging interest on the amounts of assessed contributions that were not paid on time might be an effective disincentive for late payment, his delegation felt that unless the reasons given by Member States for late payment or non-payment of assessed contributions were dealt with, the measure was unlikely to succeed. Moreover, such a measure could create difficulties for countries that had a different budget cycle than that of the United Nations, and that could mean that the increase of income would be on paper only, as it would not be implemented if Member States who were in arrears refused to pay the interest charges.

64. The idea of increasing the Working Capital Fund to $200 million was an interesting one, but would not solve the current financial difficulties. On the other hand, the proposal to replenish depleted reserves by depositing into the Working Capital Fund budgetary surpluses owed to those Member States with regular budget arrears deserved further study. His delegation agreed with the Independent Advisory Group that the United Nations should not be given authority to borrow commercially; not only would it not be prudent to do so until the financial situation of the Organization improved, but it would also impose an additional financial burden on Member States as a whole. The idea of resorting to non-governmental sources of financing was not desirable. The current system of assessed and voluntary contributions provided the most appropriate means of financing the Organization, inasmuch as it permitted Governments to maintain proper control over the United Nations budget and its agenda.

(Mr. Qader, Bangladesh)

65. His delegation did not share the views of the Independent Advisory Group that the international community should be prepared to accept significantly increased peace-keeping costs in the next few years. His delegation felt that with the phasing out of UNTAC, the peace-keeping operations had peaked. He also had reservations regarding the other recommendations on peace-keeping made by the Independent Advisory Group, some of which involved complex and sensitive issues, while others were outside the purview of the Fifth Committee.

66. Mr. MADDENS (Belgium), speaking on behalf of the member countries of the European Union, said that it was regrettable that Member States had been presented with a fait accompli as far as the economy measures relating to the provision of conference services for the General Assembly were concerned. Those measures did not take into account certain General Assembly resolutions, they indiscriminately penalized all Member States, and they were not commensurate with the magnitude of the crisis.

67. The work of the Independent Advisory Group had helped to make public opinion more aware of the Organization's financial problems, and its report was a positive contribution to the debate on United Nations financing. The Organization must have available on a timely basis the financial resources it needed to perform the tasks entrust to it by Member States. However, the flow of such financing was closely linked to the confidence that the Administration inspired. The recommendations of the Independent Advisory Group - none of which was truly innovative - did not mention the fact that the Secretariat itself must make certain efforts to help solve the financial crisis. Moreover, it appeared that those who paid their contributions promptly would have to bear the burden entailed by the implementation of some of the proposals. That did not seem fair to the States members of the European Union, whose contributions amounted to more than 30 per cent of the regular and peace-keeping budgets and of the costs of peace-keeping troops, and which did more than just pay their assessed contributions on time, since they indirectly financed the Organization as a result of the delays in reimbursements to troop-contributing countries.

68. The member countries of the European Union therefore supported recommendations 2 and 3 of the Independent Advisory Group, relating to the consensus procedure and the principle that all contributions must be paid on time and in full. The practice of making a single annual contribution should be continued, although countries that were up to date in their payments should be allowed to pay in quarterly instalments, provided that the system was retained long enough to enable the Secretariat to ensure its cash reserves.

69. With regard to the idea of charging interest on late payments, he said that the matter should be studied carefully in conjunction with the whole issue of incentives or disincentives designed to improve fulfilment by Member States of their financial obligations; such measures should go hand in hand with a more rigorous application of the concept of arrears. The General Assembly might request the Secretary-General to submit proposals in that regard, with a view to introducing new rules with effect from 1 January 1995.

(Mr. Maddens, Belgium)

70. The European Union maintained the view that the practice of internal borrowing was inappropriate, and felt that the level of the Working Capital Fund, which represented about one month's expenditures under the regular budget, was adequate, particularly in view of the fact that it was not the only source of reserves available to the Secretary-General. Hence, there was no need to increase the level of the Working Capital Fund. However, the idea of depositing into the Working Capital Fund budgetary surpluses owed to those Member States with regular budget arrears should be seriously considered.

71. As far as the Peace-keeping Reserve Fund was concerned, the European Union felt that before deciding to increase its level, Members should bear in mind that it had not been operated in the manner envisaged because it had not been funded at the agreed level. The idea of improving the financing of peace-keeping operations by creating a single budget could reduce control by Member States over the operational and budgetary aspects of such operations; moreover, it would be difficult to draw up realistic budget estimates and to avoid overbudgeting.

72. Because the shortage of reserves, which was due to the failure of certain Member States to pay their assessed contributions, was the main cause of the difficulties encountered in financing the start-up stages of peace-keeping operations, the European Union would prefer to hold an in-depth discussion of appropriate measures for expediting financing, rather than permit the Secretary-General to obligate up to 20 per cent of the initial estimated cost of an operation once it was approved by the Security Council. It also supported the proposal concerning changes in the grouping of countries for the purposes of the scale of assessments for peace-keeping operations. The question had already been discussed at length, and it was to be hoped that the General Assembly would be able to reach a decision at its current session.

73. Referring to document A/48/503, annex III, he pointed out that 1993 income had exceeded disbursements. The European Union had the impression that over the last five years reserves had made it possible to finance the differences between receipts and expenditures. The members of the European Union therefore welcome a fuller explanation of the use that had been made of the $672.6 million made available to the Secretariat. With regard to paragraph 26 of the report, and the status of unpaid contributions, they wished to stress once again that neither the Advisory Committee nor the Fifth Committee were responsible for the delays in the process of adopting the budgets for peace-keeping operations; rather, the Secretariat was responsible for having submitted incomplete documentation at a late date.

74. In conclusion, he stressed that those countries that had not paid their assessed contributions bore a considerable part of the responsibility, and that the Secretary-General must intensify efforts to modernize and reform the Secretariat. With that in mind, the European Union attached great importance to the adoption, before the end of the year, of a programme budget that would reflect the choices and political priorities of the Organization.

The meeting rose at 12.50 p.m.